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# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

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### **FHFA Sues the City of Chicago Over Vacant Buildings Ordinance**

**Washington, DC** – The Federal Housing Finance Agency (FHFA), on its own behalf and as Conservator for Fannie Mae and Freddie Mac (the Enterprises), has filed a lawsuit in the U.S. District Court for the Northern District of Illinois against the city of Chicago to prevent enforcement of the city’s recently amended “Vacant Buildings Ordinance” against the Enterprises. FHFA reluctantly took this action after undertaking efforts to discuss these matters and to seek alternative solutions to the problem of vacant properties that the ordinance seeks to address. FHFA indicated that the ordinance could affect costs for homeowners in the city.

The ordinance would impose on the Enterprises the responsibilities, but not the benefits, of ownership of vacant property on which they hold mortgages. The ordinance would create risks and liabilities for the Enterprises at a time when they are already supported by taxpayers, including those in the city of Chicago. Additionally, the ordinance would subject the Enterprises to the regulation and supervision of the Chicago Department of Buildings instead of FHFA, as Congress intended.

The ordinance requires mortgagees to pay a \$500 registration fee for vacant properties and requires monthly inspections of mortgaged properties to determine if they are vacant. The ordinance also requires the Enterprises to pay the registration fees and to comply with these maintenance requirements *even when the Enterprises have not foreclosed upon a property and therefore do not have ownership* of the property. If the Enterprises fail to comply with the ordinance, the city may levy fines and penalties of up to \$1,000 per day for noncompliance with any provision of the ordinance. Additionally, the ordinance sets forth detailed maintenance requirements which may be revised and amended by the Department of Buildings.

The lawsuit alleges that the city’s ordinance impermissibly encroaches upon FHFA’s role as the sole regulator and supervisor of the Enterprises. As Conservator of Fannie Mae and Freddie Mac, FHFA has been charged with the responsibility of preserving and conserving the assets of the Enterprises. This lawsuit seeks to ensure that the city’s proposed registration and licensing system and “supervision” of the Enterprises by the Department of Buildings will not thwart Congress’s intent. Further, the registration fee represents a tax on the Enterprises and the Conservator that is expressly precluded by long-standing congressional directive.

[Link to lawsuit](#)

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*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.*